

ESB 5773 - H AMD TO WAYS COM AMD (H-2507.1/11) **633**

By Representative Schmick

NOT CONSIDERED 04/22/2011

1 Beginning on line 3 of the amendment, strike sections 1 through 4
2 and insert the following:

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4 "Sec. 1. RCW 41.05.065 and 2009 c 537 s 7 are each amended to
5 read as follows:

6 (1) The board shall study all matters connected with the provision
7 of health care coverage, life insurance, liability insurance,
8 accidental death and dismemberment insurance, and disability income
9 insurance or any of, or a combination of, the enumerated types of
10 insurance for employees and their dependents on the best basis
11 possible with relation both to the welfare of the employees and to the
12 state. However, liability insurance shall not be made available to
13 dependents.

14 (2) The board shall develop employee benefit plans that include
15 comprehensive health care benefits for employees. In developing these
16 plans, the board shall consider the following elements:

17 (a) Methods of maximizing cost containment while ensuring access
18 to quality health care;

19 (b) Development of provider arrangements that encourage cost
20 containment and ensure access to quality care, including but not
21 limited to prepaid delivery systems and prospective payment methods;

22 (c) Wellness incentives that focus on proven strategies, such as
23 smoking cessation, injury and accident prevention, reduction of
24 alcohol misuse, appropriate weight reduction, exercise, automobile and
25 motorcycle safety, blood cholesterol reduction, and nutrition
26 education;

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1 (d) Utilization review procedures including, but not limited to a
2 cost-efficient method for prior authorization of services, hospital
3 inpatient length of stay review, requirements for use of outpatient
4 surgeries and second opinions for surgeries, review of invoices or
5 claims submitted by service providers, and performance audit of
6 providers;

7 (e) Effective coordination of benefits; and

8 (f) Minimum standards for insuring entities.

9 (3) To maintain the comprehensive nature of employee health care
10 benefits, benefits provided to employees shall be substantially
11 equivalent to the state employees' health benefits plan in effect on
12 January 1, 1993. Nothing in this subsection shall prohibit changes or
13 increases in employee point-of-service payments or employee premium
14 payments for benefits or the administration of a high deductible
15 health plan in conjunction with a health savings account. The board
16 may establish employee eligibility criteria which are not
17 substantially equivalent to employee eligibility criteria in effect on
18 January 1, 1993.

19 (4) Except if bargained for under chapter 41.80 RCW, the board
20 shall design benefits and determine the terms and conditions of
21 employee and retired employee participation and coverage, including
22 establishment of eligibility criteria subject to the requirements of
23 this chapter. Employer groups obtaining benefits through contractual
24 agreement with the authority for employees defined in RCW 41.05.011(6)
25 (a) through (d) may contractually agree with the authority to benefits
26 eligibility criteria which differs from that determined by the board.
27 The eligibility criteria established by the board shall be no more
28 restrictive than the following:

29 (a) Except as provided in (b) through (e) of this subsection, an
30 employee is eligible for benefits from the date of employment if the
31 employing agency anticipates he or she will work an average of at
32 least eighty hours per month and for at least eight hours in each
33 month for more than six consecutive months. An employee determined
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1 ineligible for benefits at the beginning of his or her employment
2 shall become eligible in the following circumstances:

3 (i) An employee who works an average of at least eighty hours per
4 month and for at least eight hours in each month and whose anticipated
5 duration of employment is revised from less than or equal to six
6 consecutive months to more than six consecutive months becomes
7 eligible when the revision is made.

8 (ii) An employee who works an average of at least eighty hours per
9 month over a period of six consecutive months and for at least eight
10 hours in each of those six consecutive months becomes eligible at the
11 first of the month following the six-month averaging period.

12 (b) A seasonal employee is eligible for benefits from the date of
13 employment if the employing agency anticipates that he or she will
14 work an average of at least eighty hours per month and for at least
15 eight hours in each month of the season. A seasonal employee
16 determined ineligible at the beginning of his or her employment who
17 works an average of at least half-time, as defined by the board, per
18 month over a period of six consecutive months and at least eight hours
19 in each of those six consecutive months becomes eligible at the first
20 of the month following the six-month averaging period. A benefits-
21 eligible seasonal employee who works a season of less than nine months
22 shall not be eligible for the employer contribution during the off
23 season, but may continue enrollment in benefits during the off season
24 by self-paying for the benefits. A benefits-eligible seasonal
25 employee who works a season of nine months or more is eligible for the
26 employer contribution through the off season following each season
27 worked.

28 (c) Faculty are eligible as follows:

29 (i) Faculty who the employing agency anticipates will work half-
30 time or more for the entire instructional year or equivalent nine-
31 month period are eligible for benefits from the date of employment.
32 Eligibility shall continue until the beginning of the first full month
33 of the next instructional year, unless the employment relationship is
34 terminated, in which case eligibility shall cease the first month

1 following the notice of termination or the effective date of the
2 termination, whichever is later.

3 (ii) Faculty who the employing agency anticipates will not work
4 for the entire instructional year or equivalent nine-month period are
5 eligible for benefits at the beginning of the second consecutive
6 quarter or semester of employment in which he or she is anticipated to
7 work, or has actually worked, half-time or more. Such an employee
8 shall continue to receive uninterrupted employer contributions for
9 benefits if the employee works at least half-time in a quarter or
10 semester. Faculty who the employing agency anticipates will not work
11 for the entire instructional year or equivalent nine-month period, but
12 who actually work half-time or more throughout the entire
13 instructional year, are eligible for summer or off-quarter coverage.
14 Faculty who have met the criteria of this subsection (4)(c)(ii), who
15 work at least two quarters of the academic year with an average
16 academic year workload of half-time or more for three quarters of the
17 academic year, and who have worked an average of half-time or more in
18 each of the two preceding academic years shall continue to receive
19 uninterrupted employer contributions for benefits if he or she works
20 at least half-time in a quarter or semester or works two quarters of
21 the academic year with an average academic workload each academic year
22 of half-time or more for three quarters. Eligibility under this
23 section ceases immediately if this criteria is not met.

24 (iii) Faculty may establish or maintain eligibility for benefits
25 by working for more than one institution of higher education. When
26 faculty work for more than one institution of higher education, those
27 institutions shall prorate the employer contribution costs, or if
28 eligibility is reached through one institution, that institution will
29 pay the full employer contribution. Faculty working for more than one
30 institution must alert his or her employers to his or her potential
31 eligibility in order to establish eligibility.

32 (iv) The employing agency must provide written notice to faculty
33 who are potentially eligible for benefits under this subsection (4)(c)
34 of their potential eligibility.

1 (v) To be eligible for maintenance of benefits through averaging
2 under (c)(ii) of this subsection, faculty must provide written
3 notification to his or her employing agency or agencies of his or her
4 potential eligibility.

5 (d) A legislator is eligible for benefits on the date his or her
6 term begins. All other elected and full-time appointed officials of
7 the legislative and executive branches of state government are
8 eligible for benefits on the date his or her term begins or they take
9 the oath of office, whichever occurs first.

10 (e) A justice of the supreme court and judges of the court of
11 appeals and the superior courts become eligible for benefits on the
12 date he or she takes the oath of office.

13 (f) Except as provided in (c)(i) and (ii) of this subsection,
14 eligibility ceases for any employee the first of the month following
15 termination of the employment relationship.

16 (g) In determining eligibility under this section, the employing
17 agency may disregard training hours, standby hours, or temporary
18 changes in work hours as determined by the authority under this
19 section.

20 (h) Insurance coverage for all eligible employees begins on the
21 first day of the month following the date when eligibility for
22 benefits is established. If the date eligibility is established is
23 the first working day of a month, insurance coverage begins on that
24 date.

25 (i) Eligibility for an employee whose work circumstances are
26 described by more than one of the eligibility categories in (a)
27 through (e) of this subsection shall be determined solely by the
28 criteria of the category that most closely describes the employee's
29 work circumstances.

30 (j) Except for an employee eligible for benefits under (b) or
31 (c)(ii) of this subsection, an employee who has established
32 eligibility for benefits under this section shall remain eligible for
33 benefits each month in which he or she is in pay status for eight or
34 more hours, if (i) he or she remains in a benefits-eligible position

1 and (ii) leave from the benefits-eligible position is approved by the
2 employing agency. A benefits-eligible seasonal employee is eligible
3 for the employer contribution in any month of his or her season in
4 which he or she is in pay status eight or more hours during that
5 month. Eligibility ends if these conditions are not met, the
6 employment relationship is terminated, or the employee voluntarily
7 transfers to a noneligible position.

8 (k) For the purposes of this subsection:

9 (i) "Academic year" means summer, fall, winter, and spring
10 quarters or semesters;

11 (ii) "Half-time" means one-half of the full-time academic workload
12 as determined by each institution, except that half-time for community
13 and technical college faculty employees shall have the same meaning as
14 "part-time" under RCW 28B.50.489;

15 (iii) "Benefits-eligible position" shall be defined by the board.

16 (5) The board may authorize premium contributions for an employee
17 and the employee's dependents in a manner that encourages the use of
18 cost-efficient managed health care systems.

19 (6) For any open enrollment period beginning on or after November
20 1, 2011, the board shall ((develop)) offer a health savings account
21 option for employees that conforms to section 223, Part VII of
22 subchapter B of chapter 1 of the internal revenue code of 1986. The
23 board shall comply with all applicable federal standards related to
24 the establishment of health savings accounts.

25 (7) Notwithstanding any other provision of this chapter, for any
26 open enrollment period beginning on or after November 1, 2011, the
27 board shall ((develop)) offer a high deductible health plan ((to be
28 offered)) in conjunction with a health savings account developed under
29 subsection (6) of this section.

30 (8) Employees shall choose participation in one of the health care
31 benefit plans developed by the board and may be permitted to waive
32 coverage under terms and conditions established by the board.

33 (9) The board shall review plans proposed by insuring entities
34 that desire to offer property insurance and/or accident and casualty

1 insurance to state employees through payroll deduction. The board may
2 approve any such plan for payroll deduction by insuring entities
3 holding a valid certificate of authority in the state of Washington
4 and which the board determines to be in the best interests of
5 employees and the state. The board shall adopt rules setting forth
6 criteria by which it shall evaluate the plans.

7 (10) Before January 1, 1998, the public employees' benefits board
8 shall make available one or more fully insured long-term care
9 insurance plans that comply with the requirements of chapter 48.84
10 RCW. Such programs shall be made available to eligible employees,
11 retired employees, and retired school employees as well as eligible
12 dependents which, for the purpose of this section, includes the
13 parents of the employee or retiree and the parents of the spouse of
14 the employee or retiree. Employees of local governments, political
15 subdivisions, and tribal governments not otherwise enrolled in the
16 public employees' benefits board sponsored medical programs may enroll
17 under terms and conditions established by the administrator, if it
18 does not jeopardize the financial viability of the public employees'
19 benefits board's long-term care offering.

20 (a) Participation of eligible employees or retired employees and
21 retired school employees in any long-term care insurance plan made
22 available by the public employees' benefits board is voluntary and
23 shall not be subject to binding arbitration under chapter 41.56 RCW.
24 Participation is subject to reasonable underwriting guidelines and
25 eligibility rules established by the public employees' benefits board
26 and the health care authority.

27 (b) The employee, retired employee, and retired school employee
28 are solely responsible for the payment of the premium rates developed
29 by the health care authority. The health care authority is authorized
30 to charge a reasonable administrative fee in addition to the premium
31 charged by the long-term care insurer, which shall include the health
32 care authority's cost of administration, marketing, and consumer
33 education materials prepared by the health care authority and the
34 office of the insurance commissioner.

1 (c) To the extent administratively possible, the state shall
2 establish an automatic payroll or pension deduction system for the
3 payment of the long-term care insurance premiums.

4 (d) The public employees' benefits board and the health care
5 authority shall establish a technical advisory committee to provide
6 advice in the development of the benefit design and establishment of
7 underwriting guidelines and eligibility rules. The committee shall
8 also advise the board and authority on effective and cost-effective
9 ways to market and distribute the long-term care product. The
10 technical advisory committee shall be comprised, at a minimum, of
11 representatives of the office of the insurance commissioner, providers
12 of long-term care services, licensed insurance agents with expertise
13 in long-term care insurance, employees, retired employees, retired
14 school employees, and other interested parties determined to be
15 appropriate by the board.

16 (e) The health care authority shall offer employees, retired
17 employees, and retired school employees the option of purchasing long-
18 term care insurance through licensed agents or brokers appointed by
19 the long-term care insurer. The authority, in consultation with the
20 public employees' benefits board, shall establish marketing procedures
21 and may consider all premium components as a part of the contract
22 negotiations with the long-term care insurer.

23 (f) In developing the long-term care insurance benefit designs,
24 the public employees' benefits board shall include an alternative plan
25 of care benefit, including adult day services, as approved by the
26 office of the insurance commissioner.

27 (g) The health care authority, with the cooperation of the office
28 of the insurance commissioner, shall develop a consumer education
29 program for the eligible employees, retired employees, and retired
30 school employees designed to provide education on the potential need
31 for long-term care, methods of financing long-term care, and the
32 availability of long-term care insurance products including the
33 products offered by the board.

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1 (11) The board may establish penalties to be imposed by the
2 authority when the eligibility determinations of an employing agency
3 fail to comply with the criteria under this chapter."

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EFFECT: Eliminates provisions relating to direct patient-
provider primary care practices, and specifies that the Public
Employees' Benefits Board shall offer the option of a high
deductible health insurance plan along with a health savings account
for any open enrollment period beginning on or after November 1,
2011.

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